

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED
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seen by Eskerline.

30 April 1954

MEMORANDUM FOR RECORD

SUBJECT:

[

] opinion of Guatemala situation

1. I saw [] in Mr. [] office at 1530. He talked from rough notes of his debriefing of [] pronounced "[]" on April 27.

2. [] is now in hospital ward, so can't be seen alone again until he is walking again, say May 8 or May 4.

3. Mrs. [] was aware that he was debriefed by a US official in September 1962. She does not know he was debriefed April 27, and he asked OO to make sure she doesn't find out.

"What if she asks?" -- "How good is any man at lying to his wife?"

Why does he want her not to know? It may be merely that he is always careful to keep out of Guatemala politics, and the situation is tenser there.

4. [] has the strong impression that: [] likes and admires ARBENZ, and would do nothing he did not feel was consistent with ARBENZ's own real best interests.

5. Army. [] feels sure Army is thoroughly loyal to ARBENZ, for reasons given below.

6. Prospects of coups. He does not expect any unilateral action by the US nor by the Communists. In each case, it would result in so much world-wide propaganda damage to the party acting that it would not be worth whatever was gained locally.

"The Communists won't try for total power until 1957, when ARBENZ resigns. They can not do so successfully, and they would be foolish to try, because it would be an open invitation to US intervention, which all literate non-Communists would then welcome." More details below.

7. [] close to ARBENZ. E.g., he went on a [] yacht cruise with him in February; details below.

8. [] assumes he is "watched" in Guatemala, whether literally or figuratively. He is careful to keep his own counsel.

9. A lot of what US press says about Guatemala is just not true. Details below.

10. We had to break off at 1645. The above are the main points thus far developed. Fuller details, and other points of distinct interest, below.

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11. [] Biography. Born [] Father is respected [] All American-born citizens. Not of Latin American extraction. Graduated from [] Law degree from [] Law School, 1939. Practised law in [] with reputation for integrity, until he entered Army. CIC work for Army in Latin America. Met [] in Guatemala in 1943. Married her about 1945. Two children.

12. No derogatory information on [] Special Security Division says State has no mention of him, and there is only a brief mention in an FBI report, that his wife was member of G

13. [] stake in Guatemala. He says he has a "wonderful life" there and has every intention of staying after Arbenz steps down from presidency in 1957.

He put his own money into his fincas, and is still paying on the mortgage. (Perhaps part of the mortgage is held by [] which may explain why the [] seems a bit more concerned about the situation than [])

Most fincas are making money, and many patronos own theirs outright, and so have a more comfortable profit margin with which to finance reform measures than does [] But he favors the reforms.

14. [] finca is some [] by jeep from Guatemala City. Mr. [] has the exact location.

15. Why Army is loyal to ARBENZ. It is a great mistake to lump the Army with the "conservative opposition".

Arbenz's first love is the Army. His old polo pals. It is not true that Army officers are wealthy landowners. Probably most of them depend on the Army for their economic security. Arbenz made promises and kept them. He gave them pay increases. He finances sale of Government land in desirable residential areas to officers at low-cost long-term house loans.

Before Arbenz, old officers often died in small hospital rooms. Now, the longer they go on paying for their own homes, the more stake they have in the Arbenz regime which has made this possible.

"What circumstances would cause of the officer corps to revolt?" Answer: "If they had grievances, Arbenz would be the first man they would go to about them."

16. Doubts alleged arming of rural labor, for PM purposes. He doubts there is much of this. It would be hard to arm and drill illiterate farmers, to a point where they could defeat the Army, without attracting a lot of attention. (And he gets around among his fellow finceroes). Such arming as there may be is more likely for riots and demonstrations.

17. Rural labor organizations are, however, operating outside framework of the Agrarian Reform Law, for their own ends, and it worries him.

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18. An episode which really alarmed him, for example, occurred recently. The administrator of his finca --he has 35 families living on it-- was being pressured by the sindicato in the Labor Court. The administrator told the Labor Court official that the [] family were all in favor of the Reform, but suggested it wasn't wise to put too much economic pressure on the [] until she and her husband, who are burdened with their mortgage, are better able to afford it.

The official said: "The name of ARBENZ doesn't mean shit around here."

19. US Press exaggerates. As far as he knows the SatEvePost is incorrect in saying there is "undeclared civil war raging" and "bloody forays in the highlands."

Arbenz and the men around him

20. Arbenz character. He is definitely an "aristocrat". Loyal to his friends. He is a caudillo, but he would like very much to give the impression that he is not a dictator, and that he leans heavily on his advisers.

He really would like to lean on them, but they are not able enough to justify his full confidence. He is often "frustrated by their administrative bungling".

He is a very impatient administrator, and is often heard in harsh and bitter verbal fights with MARTINEZ, MOROZAN, and BROCAMANTE.

[] thinks these clashes have taken their toll on ARBENZ. To some extent he "distrusts either the abilities or the motives" of these (and other?) men. (Mr. [] plans to get more detail on the leading men when he sees []

21. GUTIERREZ and FORTUNY. Arbenz doesn't "mix" with them. [] himself speaks to Fortuny only when he has to).

There was no apparent change in Arbenz's attitude towards them either before or after they visited Moscow.

At social occasions Arbenz rarely speaks to Fortuny, and he is never invited to Arbenz's smaller outings.

Gutierrez doesn't frequent social occasions as much as Fortuny. He seems a more idealistic type of Communist than Fortuny.

[] thinks that ARBENZ has few illusions about Gutierrez and Fortuny. Fortuny's wife was Arbenz personal secretary around 1951, and handled all his personal and political correspondence. When she became pregnant before Fortuny married her, Arbenz fired her.

22. [] When Fortuny chided her at a party in February: "You don't want to be considered anti-Communist, do you?" she replied firmly: "You can never consider me a Communist."

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23. ARBENZ's political aims. He is still reiterating that his main aim has always been a Roosevelt-type New Deal. Give the Indians more purchasing power. Build up a healthier, more balanced economy while the high price of coffee makes reforms possible.

[] expression is that [] thinks the anti-Guatemala attitude of the US Press has an unhealthy effect on ARBENZ; and that [] himself may believe the United Fruit Company is paying to drum up anti-Arbenz sentiments.)

24. MRS. ARBENZ. [] thinks she is a "spoiled rich, pinko" type. He doubts she has decisive influence on Arbenz.

25. THE TORRIELLO BROTHERS. Few outward changes are apparent in Arbenz's attitude toward any of his advisers. The only possible exception is that he seems a bit more favorable to the Torriello brothers.

In February [] went on a cruise with Arbenz and a few friends, including the Toriellos. He overheard Arbenz saying in jokingly to one of the Toriellos --not the Foreign Minister-- "...and soon I'll have to be furnishing you with a chauffeur," --which may mean Toriello is in line for a Cabinet or diplomatic post, since he is wealthy and could afford his own chauffeur.

([] own preference as successor to Arbenz in 1957 would be Foreign Minister Toriello (Jorge?).

Guillermo Toriello is wealthy, incorruptible, and dead opposed to Communism. He has no political following.

26. SUCCESSOR TO ARBENZ IN 1957. Current talk favors Charnaud MACDONALD or MARTINEZ.

[] thinks MARTINEZ would be bad; too young, ambitious, opportunistic, and not too bright; apparently not too competent.

Charnaud MACDONALD is a skilful political maneuverer. He is quiet and not free with his opinions.

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27. Absence of tourists has only a slight effect on the over-all economy.

28. Coffee business booming. because of European demand. [ ] sold his last crop not to [ ] but apparently to Germany, perhaps via Amsterdam. ]

29. Movie business terrible. [ ] When Guatemala barred US films, he imported Italian and Argentine, but even with the Spanish sound-track these don't draw. He thinks the peasants have a lot of cash, so much they are buying other things and skipping movies. Last Christmas "the previously poor spent more than the rich."

30. [ ] is "very practical; not a worrying type, but a careful man, who keeps his own counsel down there." In one brief burst of confidence he did say: "Frankly, I wouldn't mind seeing the US intervene & United Fruit run the place, as long as I have my finca and the Arbenz family is OK."

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